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Thought Leadership Paper
Commissioned By Impact

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Invest In Partnerships To Drive Growth And Competitive Advantage

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Executive Summary

Enterprises and brands have traditionally focused on growth through sales and marketing optimization. While historically successful, enterprises are increasing their focus on growth through partnerships to meet and exceed future growth goals. As partnerships become increasingly crucial to revenue growth, organizations must develop an operational strategy and leverage the correct channel tools and organizational best practices to ensure partnership success.

In March 2019, Impact commissioned Forrester Consulting to evaluate how companies are leveraging partnerships to drive competitive advantage and to identify best-in-class strategies and tactics for successful partnerships. Forrester conducted an online survey with decision makers and practitioners responsible for partnership program strategy and execution at 454 companies across the globe to explore this topic. We found that the companies with best-in-class partnership programs: 1) generate a greater share of their revenue from the partnership channel; 2) drive faster revenue growth within the partnership channel and at the overall company level; and 3) are more likely to exceed stakeholder expectations on business metrics than companies with less mature partnership programs.

76% of companies agree that partnerships are key to delivering on their revenue goals.

Companies with the most mature partnership programs are growing overall company revenue nearly **2x** as fast as companies with less mature programs.

KEY FINDINGS

- **Partnerships are increasingly crucial to business growth.** Partnerships take many shapes, but all are increasingly critical to helping companies grow revenue by accessing prospects and customers that the company may not otherwise reach. Three in four respondents (77%) see partnership development as central to their 2019 sales and marketing strategy. Companies are pursuing a broad range of business and technology initiatives to optimize their approaches to enabling, engaging, measuring, and optimizing the value and success of their partners.
- **Successful partnership programs require a multifaceted approach.** Our survey showed that companies with the fastest growing partnership programs embrace organizational agility, capitalize on a variety of partnership models, and leverage technology to optimize partner management. We used these insights to inform a partnership program maturity framework comprised of four pillars: people, process, technology, and breadth. Based on this framework, companies that scored in the top 20% qualified as having high partnership program maturity.
- **Best-in-class partnership programs deliver competitive advantage through outsized revenue growth.** Companies with the most mature programs treat partnerships as a strategic differentiator. For example, mature companies are 4x more likely to strongly agree that partnerships are instrumental to their competitive advantage, compared to companies with low partnership program maturity. And their investments pay off in business outcomes. Firms with the most mature programs are driving 2x faster revenue growth than companies with less mature programs, and are up to 5x more likely to exceed expectations on a variety of business metrics.

Partnerships Are Key To Revenue Growth

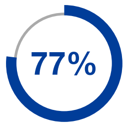
Partnerships take many shapes. Historically, most partnerships have been focused on sales execution — since the dawn of commerce, companies that excel at producing goods have leaned on others that excel at selling to distribute those goods and provide supporting services (e.g., retailers, dealers/agents, and service providers). The digital age has ushered in new partnership models that focus more on referrals than transactions. For example, social influencers, affiliates, ambassadors, and media houses are uniquely positioned to reach a brand's target audience in their moment of need. These partners can boost not only awareness, but revenue for a brand through referral traffic.[1] Furthermore, many brands are seizing opportunities to create value for customers through mutually beneficial, strategic partnerships. Need a hotel or car rental with that flight? Want to listen to your favorite music in your ride share? Strategic partnerships have you covered.

Companies are focusing their partnership expansion efforts primarily on strategic partnerships and those that drive referral traffic like affiliates, media houses, and influencers (see Figure 1). These evolving business models are creating new sources of value for companies and customers alike. In surveying 454 companies about the role of partnerships in their company's growth trajectory, we found that:

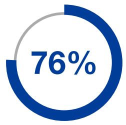
- **Partnerships contribute a high and growing share of overall revenue.** Over half of the companies we surveyed (52%) get more than 20% of their revenue from the partnership channel. On average, partners contribute 23% of overall company revenue. With an average partnership revenue growth rate of 17.5%, and with 77% of companies prioritizing partnership development as a key 2019 initiative, the importance of partnerships will only continue to rise.

Companies need partnerships to meet their revenue goals.

Respondents agree:



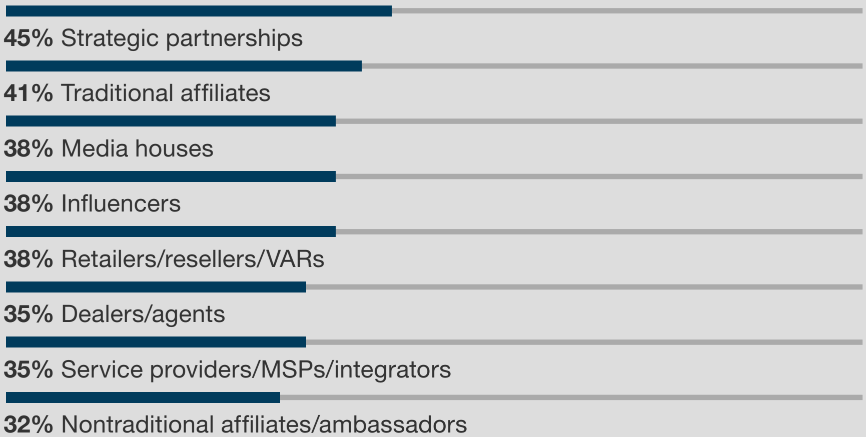
"Partnership development is **central to our 2019 sales and marketing strategy.**"



"The partnership channel is a **key to delivering on our company's revenue goals.**"

Figure 1

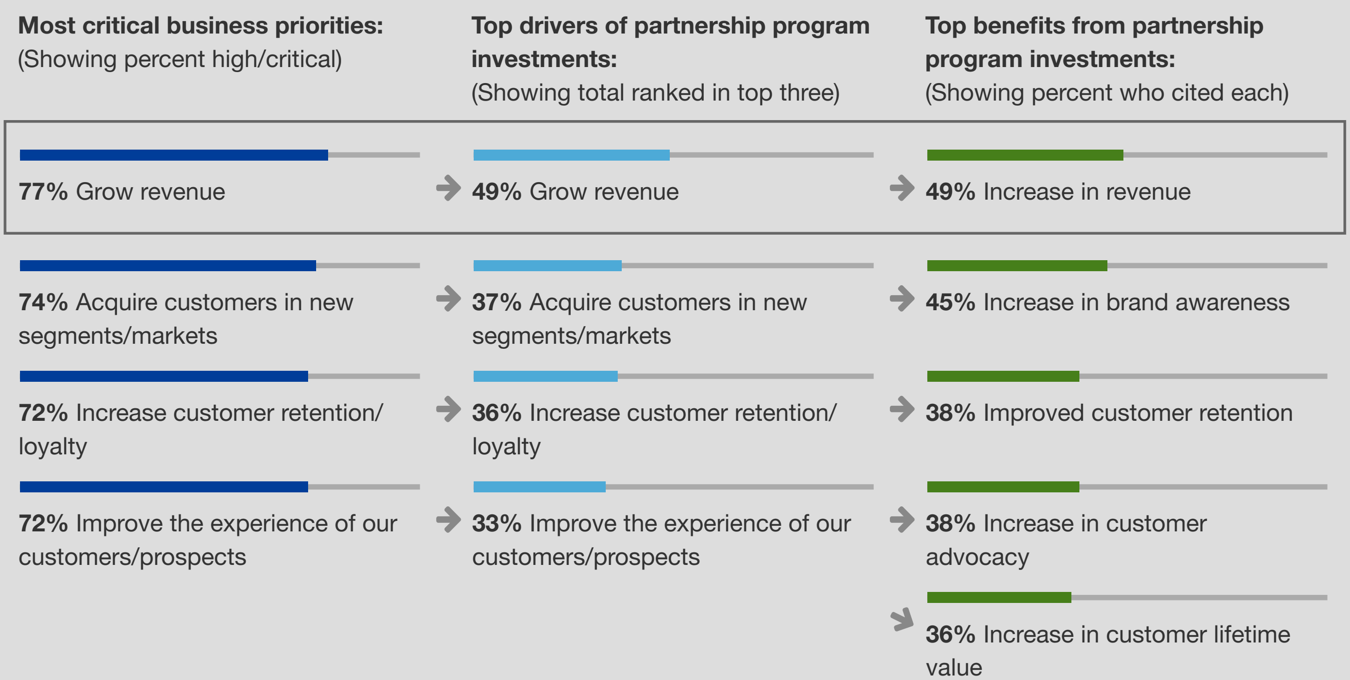
Percent of companies expanding their use of various partnership types:



Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

- **Partnership programs provide the boost in reach and loyalty that companies need to propel revenue growth.** Survey respondents see revenue growth as their top priority, and they are pursuing partnerships to support growth on both ends of the customer spectrum: acquisition and retention. These investments ultimately pay off as intended, as 49% of respondents have seen a boost in revenue and 45% have seen a boost in brand awareness from their partnership program initiatives in the past year (see Figure 2).
- **Successful partnerships require mastering a wide range of disciplines.** Partnerships help companies scale their marketing and sales efforts to new heights. Achieving this scale requires many moving parts. Our survey results reflect this reality: the majority of respondents consider a range of partnership initiatives as high or critical priorities for their organizations. The most critical priority is implementing technology to optimize partnership program execution and measurement. Respondents also consider growing partner revenue (both in share of revenue and dollars per partner), optimizing performance metrics, and pursuing more innovative types of partnerships as key pillars in their multifaceted strategies for program success (see Figure 3).

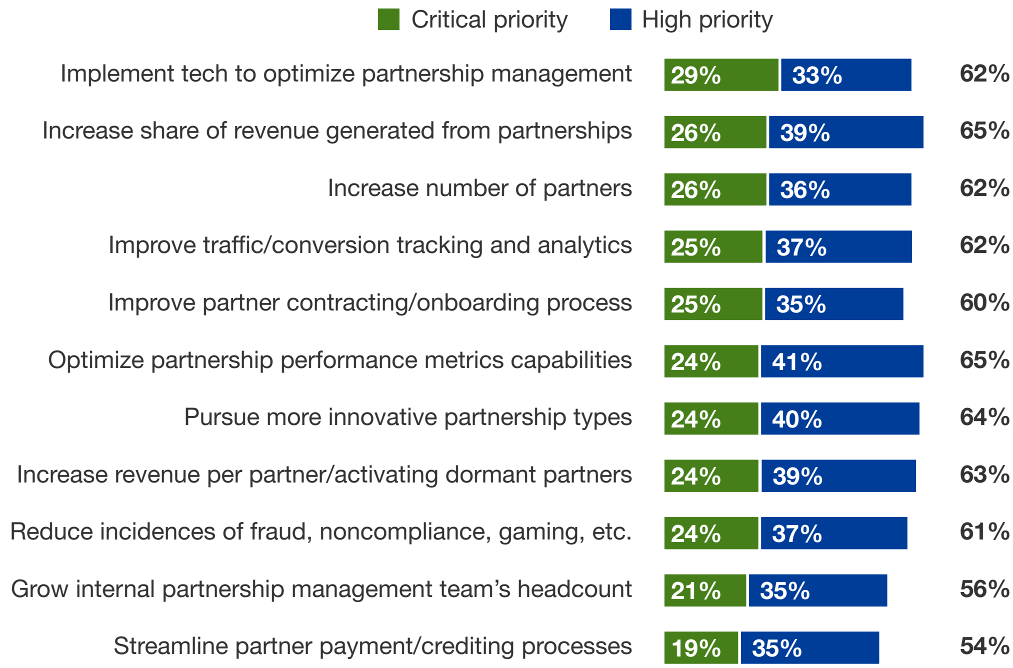
Figure 2: Growth Is The Top Priority For Both Business And Partnership Programs — And Also The Largest Benefit Of Partnership Programs



Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

Figure 3

"To what extent is your organization prioritizing the following actions/initiatives to drive success in partnership program(s) over the next 12 months?"



Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

People, Processes, Technology, And Breadth Drive Partnership Program Maturity

As reflected in their priorities for partnership programs, successful partnerships require a multifaceted approach. Our survey explored how companies develop, execute, and optimize their partnership programs. From partnership strategy and planning, to discovering and onboarding new partners, to measuring and optimizing partner performance, and all the organizational, technical, and process considerations in between, companies employ a wide range of tactics to support successful partnerships. Our analysis revealed that:

› **Companies with the fastest growing partnership programs take an agile, diversified, and technology-driven approach.** To define partnership program maturity, we analyzed the correlation between a variety of program tactics and partnership channel revenue growth. We found that high-growth organizations are more effective at using technology across the partnership life cycle — e.g., to target media partners and to optimize partner incentive structures. They are also more likely to have the agility to capitalize on partnership opportunities as they arise. With a diverse portfolio of partnerships in mind, successful companies market their programs broadly but recruit selectively. They target a range of partnership types, from traditional affiliates, to media houses, to dealers and agents. To cap it off, these organizations put resources behind their efforts in the form of large, dedicated partnership teams.

Companies with the fastest growing partnership programs embrace organizational agility, capitalize on a variety of partnership models, and leverage technology to optimize partner management.

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› **Partnership program maturity is anchored along four pillars: people, process, technology, and breadth.** Our insights about the correlation between partnership strategies and business outcomes helped shape our maturity framework. We organized the drivers of partnership growth into four key themes: people, process, technology, and breadth (in terms of partnership models and number of partners). We created a scoring framework by aligning various survey inputs to these pillars (see Figure 4). Each respondent was assigned a final score based on their responses to these questions, which we then adjusted for factors like company size and region.[2] We stack ranked the scores and grouped the top 20% as “high maturity” companies, the middle 60% as “average maturity” companies, and the bottom 20% as “low maturity” companies.

Figure 4: Partnership Program Maturity Model Overview

Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

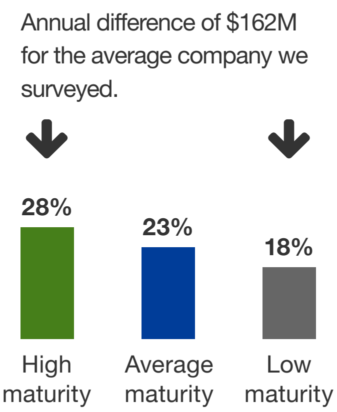
Mature Partnership Programs Yield Better Business Outcomes

Building best-in-class partnership programs requires companies to think outside the box to attract and retain a diverse portfolio of partners. It requires investments in technologies to support the partner management life cycle, which 25% or fewer companies feel they have optimized across any given phase (see Figure 5). It requires rigorous processes, organizational agility, strong collaboration, and a metrics-driven mindset. It's not easy, but it pays off. We compared reported metrics and business outcomes across the three levels of partnership program maturity and found that:

› **Companies with high maturity get more of their overall revenue from partnerships.** Companies that have more skin in the game are more likely to commit the people, processes, technologies, and breadth required for success. Partnerships contribute an average of 28% of overall company revenue for high-maturity companies, while low-maturity companies receive about 18% of their revenue from partnerships (see Figure 6). The average annual revenue of the companies we surveyed was $1.55B, which means that high-maturity companies collect $162M more revenue, on average, from the partnership channel than those with low partnership maturity.

Figure 6

Percent of overall company revenue contributed by the partnership channel:



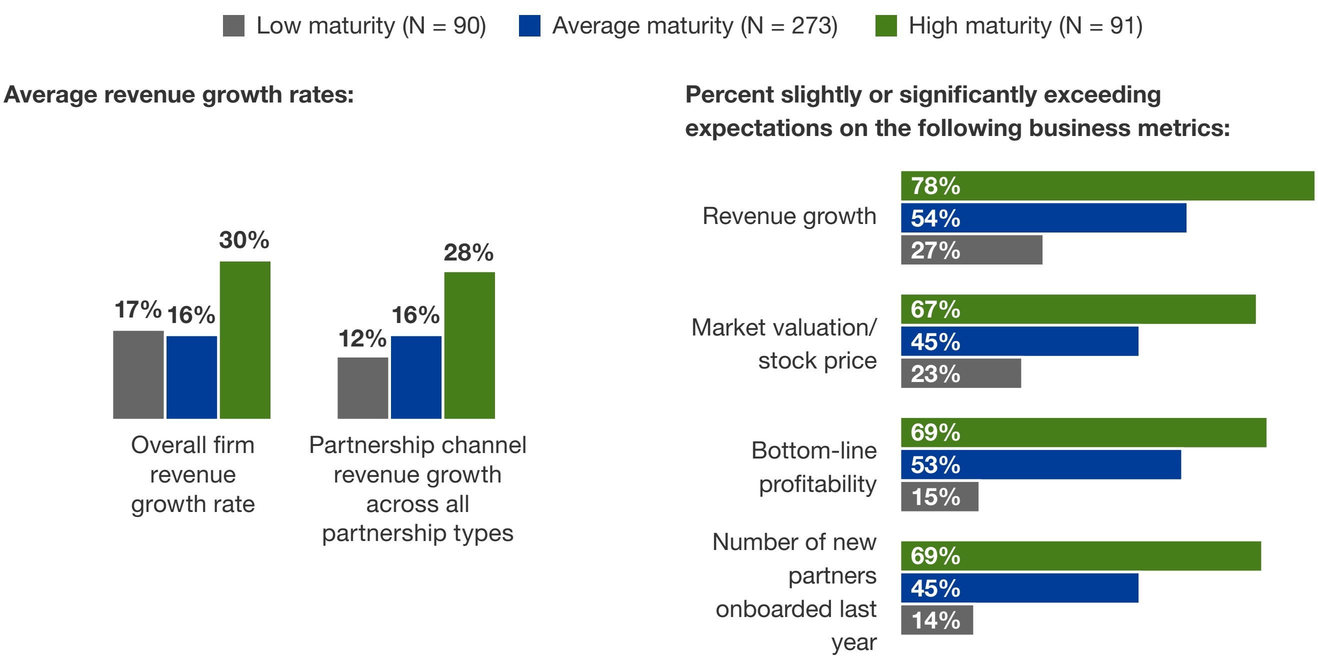
Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

Figure 5: Few Companies Have Optimized The Various Phases Of The Partnership Management Life Cycle

Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

› **High-maturity companies are also growing revenue faster than others and exceed expectations across business metrics.** Partnership channel revenue growth rates for high-maturity companies outpace low-maturity companies by 2.3x (28% versus 12%). High-maturity companies also report nearly 2x faster revenue growth at the company level (30% versus 16% to 17%), signaling the importance of partnerships to overall business growth. Furthermore, most high-maturity companies exceed stakeholder expectations not only on revenue growth, but on other key business metrics like stock price, bottom-line profitability, and the growth of their partnership programs. Just 14% to 27% of low-maturity companies can claim the same level of success (see Figure 7).

Figure 7: Companies With High Partnership Program Maturity Drive Greater Revenue Growth And Are More Likely To Exceed Expectations Across Business Metrics Than Those With Less Mature Programs



Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

THE MOST MATURE COMPANIES TAKE A DIFFERENTIATED APPROACH TO PARTNERSHIP STRATEGIES AND GOAL SETTING

Beyond business metrics, high-maturity companies display different attitudes toward the role of partnerships and employ different strategies for optimizing their programs. These insights can help companies, who are not as far along in transforming their partnership programs, pave the path toward realizing the business benefits that high-maturity companies enjoy. Our analysis revealed that high-maturity companies:

- **Treat partnerships as a competitive differentiator.** Best-in-class companies see partnerships as a critical business priority and key differentiator. High-maturity companies strongly agree that the growth of the partnership channel is instrumental to their competitive advantage at a rate 4x higher than low-maturity companies (57% versus 14%). They are also much more likely to consider partnership development central to their 2019 strategy (58% strongly agree versus 28% of low-maturity firms).
- **Focus their efforts on scaling and growth.** Exploring companies' top partnership priorities for 2019, through the lens of program maturity, yields interesting insights. All three maturity groups rank increasing the revenue share generated from partnership programs as a top priority — but they differ in the *how*. Low-maturity companies are focused on getting the basics right — they see improving partner onboarding and setting up metrics as top priorities. Average-maturity companies are more focused on optimizing what they already have in place, including cleaning up fraud and squeezing more revenue from individual partners. Meanwhile, high-maturity companies are focused on: 1) scaling their processes through technology investments and 2) scaling their success by pursuing new types of partnerships (see Figure 8).
- **Embed partnerships into their product strategy.** Successful partnership programs require strong cross-functional collaboration. While most companies feel they collaborate with other teams at least considerably, a third or less feel that their partnership program teams embrace complete collaboration with other groups. The weakest area of collaboration is with the product organization. Partnership teams also report into a variety of departments, including marketing, business development, strategy, and others. Teams that report into the product organization are the minority (10%). However, those that have adopted this product-aligned organizational structure are more likely than any other group to qualify as high maturity (34% versus 8% to 23% of other groups). This signals that partnership programs which are strongly aligned with product strategy will be more successful.

Figure 8

Top three high/critical partnership program priorities by maturity level:

Low maturity	Average maturity	High maturity
Increase share of revenue generated from partnership programs	Reduce incidences of fraud, noncompliance, gaming, etc.	Increase share of revenue generated from partnership programs
Improve partner contracting/onboarding process	Increase revenue per partner/activating dormant partners	Implement technology to streamline/optimize partnership program management
Improve or optimize partnership evaluation/performance metrics capabilities	Increase share of revenue generated from partnership programs	Pursue more innovative partnership types



Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

Key Recommendations

As companies pursue innovative partnerships to expand their reach and drive revenue from new and existing customer segments, they must employ a multifaceted approach to ensure program success. Companies that display the highest maturity across the four pillars of people, process, technology, and breadth are driving the greatest returns from their partnership program investments.

Forrester's in-depth survey about the role of partnerships in supporting business growth yielded several important recommendations:

Take a comprehensive approach to partner recruitment to drive depth and breadth in coverage. New partner business models and channel types are growing to take advantage of the modern buyer and buying process. Target partners who focus on these new buyers, including traditional resell-type partners and quickly growing influencers, service-based partners and strategic partners. Invest in new partnership models and programs to support these new partner types at scale.

Automate, innovate, and iterate. Pursue a technology-driven approach that is diversified and repeatable including planning, discovering, recruiting, onboarding, and engaging. Focus on optimization, automation, and partner self-service as important goals in delivering a better partner experience, which in turn will create a better customer experience. Capitalize on partnership opportunities that have the highest degree of influence on the customer, regardless of partner type.

Invest in partnerships as a strategic differentiator. Prioritize partnerships as a competitive advantage by committing the resources and focus necessary to build a leading program. Better understand your partners' journey — i.e., the path a partner takes from being discovered by your organization to becoming a fully enabled part of your partnership program — and then match that with your customers' journey to achieve optimal business outcomes. Tie partner success into your overall enterprise objectives and culture.

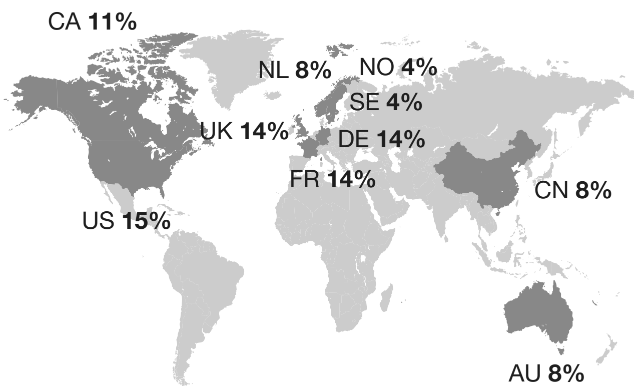
Remember it takes a village. Embed the partnership organization into your product, marketing, sales, and customer success strategy. Break down internal silos and build a consolidated partnerships team under one leader to better collaborate and align with other customer-facing departments. This group will share the same goals and objectives while leveraging best practices across the entire sales and marketing function. Put special focus on the product management group, as they should be building routes to market strategy early into all product development.

Appendix A: Methodology

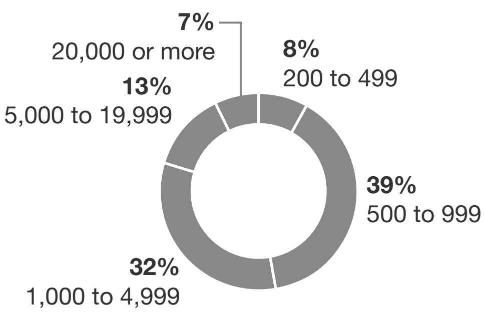
In this study, Forrester conducted an online survey of 454 companies in the US, Europe, and Asia Pacific to evaluate the role of partnerships in driving business growth. Respondents were primarily sourced from an online panel (N = 387). Impact also invited its customers to complete the survey, yielding an additional 76 respondents from 67 organizations; we analyzed these responses at the company level (N = 67). Survey participants included decision makers and practitioners responsible for partnership program development and/or execution at companies with 200 or more employees in nine countries. Questions provided to the participants asked about the company's approaches to partnership programs from an organizational, process, technology, and business model perspective, and also explored the company's performance across a range of business metrics. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in March 2019 and was completed in April 2019.

Appendix B: Demographics/Data

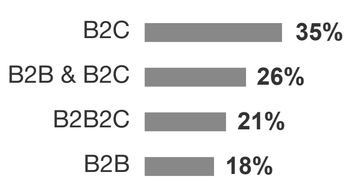
COUNTRY



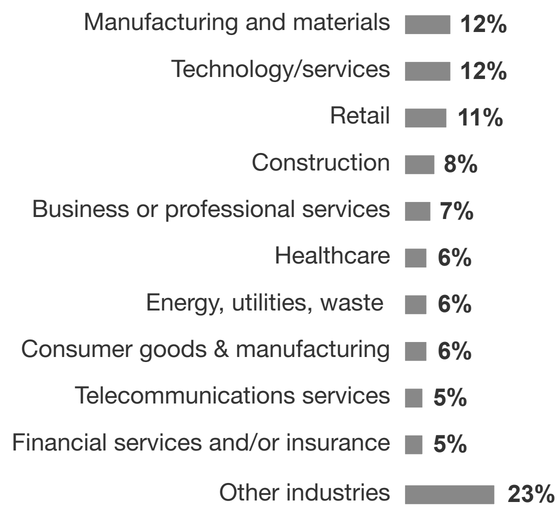
NUMBER OF EMPLOYEES



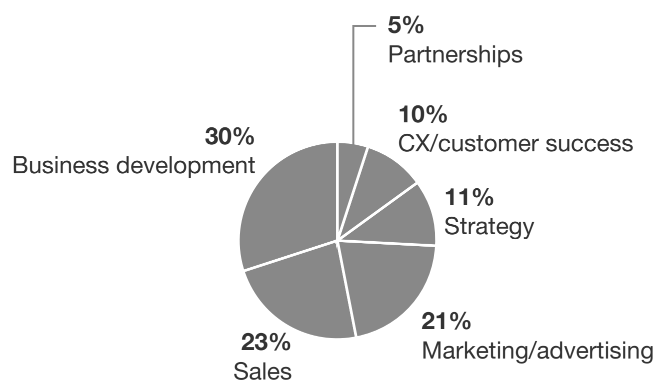
BUSINESS MODEL



INDUSTRY



DEPARTMENT



Base: 454 decision makers and practitioners responsible for partnership program development and execution
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2019

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Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

"The Forrester Wave™: Partner Relationship Management, Q4 2018," Forrester Research, Inc., October 31, 2018.

"Winning In The Channel Requires Data-Driven Program Innovation," Forrester Research, Inc., January 2, 2019.

"The Forrester Tech Tide™: Channel Software, Q1 2018," Forrester Research, Inc., January 10, 2018.

"How To Work With Digital Influencers," Forrester Research, Inc., August 8, 2017.

Appendix D: Endnotes

[1] For more on the evolving landscape of partnerships, read the Forrester blog post written by Jay McBain, "Time To Rethink Channel Incentives And Program Management (CIPM)?", April 1, 2019, https://go.forrester.com/blogs/time-to-rethink-channel-incentives-and-program-management-cipm/.

[2] Our assessment to evaluate partnership program maturity was based on responses to a series of questions about respondents' organization structure and collaboration ("people"), their processes for managing partnerships across the life cycle ("process"), their effectiveness in using technology and automation ("technology"), and the composition of their programs in terms of diversity of partnership types and number of partners onboarded ("breadth"). Each question had a maximum possible score, which was derived based on the rating scale used and the number of response options, and where appropriate, adjusted to account for a variance of company sizes and cultural rater bias across regions and sample sources. Individual question scores were a function of respondents' ratings divided by the maximum possible score. Question scores were averaged within each pillar and then each pillar score was averaged to produce the final maturity score. The top 20% of respondents were considered high-maturity companies, the bottom 20% were considered low-maturity companies, and the middle 60% were considered average-maturity companies.